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Zimbabwe

Grain and Feed

Annual

2003

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Report Highlights:
Zimbabwe's land redistribution program and severe economic decline linked to policy failures have led to a dramatic drop in agricultural production in recent years. As a result of food shortages and hyper-inflation, up to 50 percent of the population continues to experience serious food insecurity. Reduced grain output will necessitate total corn and wheat imports of over 1 million tons in 2003/04. The government recently launched a food aid appeal for more than 700,000 tons of corn. Although Zimbabwe will likely need to secure up to 40% of its food needs commercially, severe foreign exchange shortages will constrain the country's capacity to finance commercial imports.

Includes PSD changes: Yes
Includes Trade Matrix: No
Annual Report
Pretoria [SF1] RH

Executive Summary

The Southern African region has been suffering food shortages since the beginning of 2002. Unlike the 2002/03 season, Zimbabwe remains the only country in Southern Africa where food security is still a risk for a substantial portion of the population. Although the Government of Zimbabwe (GOZ) continues to blame drought for the crop failures, the consensus among most observers is that the lingering effects of the disastrous land reform program combined with continuing severe policy failures are the root causes of Zimbabwe's food insecurity. The large-scale commercial farming sector now produces about one tenth of its 1995-1997 output.

MY 2003/04 corn production is estimated at 800,000 tons, up from 500,000 tons in MY 2002/03 but still considerably below the 1.5 million tons produced in MY 2001/02 at the start of the land re-distribution program. MY 2003/04 import needs appear to be about 750 - 850,000 tons, of which a portion will be commercial and the rest food aid. Zimbabwe has been buying corn on the world market but it is not clear how much more they can afford to buy. The 2003 corn crop to be planted later this year is also not likely to supply domestic needs and more imports are foreseen in MY 2004/05.

The current 2003 wheat crop is also heading towards failure; it is estimated at 80,000 tons, half of the 2002 production of 160,000 tons, which was again half of the 2001 production of 325,000 tons. Import needs during MY 2003/04 are likely to exceed 200,000 tons. The Zimbabwean economy is, however, in dire straights and its ability to finance commercial imports is questionable

As a result of a lack of published production data, figures contained in this report are aggregate numbers based on various sources giving a general summary of the situation.

More detailed information on the situation is available at:

www.fews.net
www.irinnews.org
www.sahims. net
www.sadc-fanr.org.zw
www.wfp.org
www.wfprelogs.org

www.fao.org

Wheat

PSD Table						
Country	Zimbabwe					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2001		07/2002		07/2003
Area Harvested	45	45	40	38	50	25
Beginning Stocks	100	20	100	10	100	0
Production	250	325	150	160	270	80
TOTAL Mkt. Yr. Imports	13	5	100	140	50	200
Jul-Jun Imports	13	0	100	0	50	0
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	363	350	350	310	420	280
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	263	340	250	310	320	280
Ending Stocks	100	10	100	0	100	0
TOTAL DISTRIBUTION	363	350	350	310	420	280

Production

Wheat is the main winter season crop, 95% of which is grown on large-scale commercial (LSC) farms under irrigation. Production varies from year to year depending on the availability of irrigation water. The land reform process and general lawlessness have greatly reduced the area planted. The newly settled farmers replacing the commercial framers have very limited expertise in growing the crop, while equipment and inputs are scarce. This year fuel and fertilizer shortages further hindered production while electricity shortfalls limited irrigation, assuming irrigation equipment was available and still operational. As a result, production this year is expected to reach only about 80,000 tons, down from 160,000 tons in 2002 and 325,000 tons in 2001, before the land reform gained momentum.

Consumption

It is currently estimated that annual domestic consumption, assuming adequate supplies, could reach 390,000 tons in MY 2003/04. However, with severe inflation (in excess of 300%), consumer spending is limited, while wheat is in short supply, reducing the consumption forecast to 280,000 tons. Due to very low stock levels, severe shortages of flour and bread are being experienced. On July 10 the Grain Marketing Board (GMB) increased its selling price of wheat to the millers to Z$380,000/mt. As a result the price of bread jumped from Z$650 to Z$1,000 per loaf.

Trade

In international terms Zimbabwean wheat is classified as spring wheat. In order to achieve adequate flour quality a proportion of hard wheat usually needs to be imported to improve the gristing quality. By mid July 2003, stocks of wheat were exhausted. The shortages forced the GMB to buy about 62,000 tons while seeking permission and the foreign exchange from the GOZ to buy an additional 100,000 tons, apparently mainly from Brazil. US wheat has not been included in the food aid packages to date as Zimbabwe traditionally procured its wheat needs in the commercial market. The GMB has further reduced quotas to millers to ensure that the expected stocks last as long as possible. There is an EU proposal on the table for the monetization of about 110,000 tons of wheat, the proceeds of the sale thereof to be used for famine relief in Zimbabwe. The ability of the GOZ to finance commercial imports are severely restricted.

Policy

In July 2001 the government declared wheat a controlled commodity which gave the GMB a monopoly in wheat trade. This in effect means that producers are obliged to sell all their wheat to the GMB and the millers are obliged to purchase all their requirements from the GMB.

Corn

PSD Table						
Country	Zimbabwe					
Commodity	Corn				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		04/2002		04/2003	0.001996	05/2004
Area Harvested	1400	1318	1250	1335	1250	1350
Beginning Stocks	300	300	200	90	200	15
Production	500	500	1000	800	1000	900
TOTAL Mkt. Yr. Imports	550	900	200	750	200	800
Oct-Sep Imports	310	na	400	na	200	na
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	1350	1700	1400	1640	1400	1715
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	50	50	100	40	100	30
TOTAL Dom. Consumption	1150	1610	1200	1625	1200	1640
Ending Stocks	200	90	200	15	200	75
TOTAL DISTRIBUTION	1350	1700	1400	1640	1400	1715

Production

Zimbabwe's 2002/03 summer agricultural production season was characterized by alternating rainfall and dry spells. Some farmers were forced to replant as previous plantings were destroyed by drought. Good, late February, early March 2003, rains did little to save the corn crop. The total area planted to corn in 2002 was almost the same as in the previous season. The area planted in the large-scale commercial sector (LSC) declined significantly mainly due to land reform activities. This policy has a negative effect on production as LSC yields were traditionally 5 to 6 times higher than small scale production yields with the result that a decline in area planted in the LSC sector has a major effect on total productions. The 2002 (MY 2003/04) corn production is estimated at about 800,000 tons, 60% better than the 500,000 ton 2001 crop but still down 46% on the 2000 crop. With the demise of the crop in the LSC sector, deliveries to the GMB have suffered with only about 26,000 tons delivered from January to June 2003. The crop from the small scale sector is mainly consumed or sold in the production areas. White corn constitutes the bulk of the crop as it is the staple food in the country. Corn is produced throughout Zimbabwe, with 65% being produced in the 3 northern provinces which enjoy a more reliable rainfall. The following table contains the areas planted by the different sectors over the past five seasons, a 2003 forecast, as well as the yields attained and the resultant production;

Sector	Planted 1998	Planted 1999	Planted 2000	Planted 2001	Planted 2002	Planted 2003
LSC	MY99/00	MY 00/01	MY 01/02	MY 02/03	MY 03/04*	MY 04/05**
Area '000 ha	144	162	74	62	30	20
Yield mt/ha	4.5	5.3	5.2	3.0	3.3	4.5
Production '000 mt	648	850	385	185	100	90
Small scale						
Area '000mt	1302	1284	1149	1256	1305	1330
Yield	0.7	1.1	1.0	0.3	0.5	0.6
Production '000 mt	872	1348	1095	315	700	810
Country total						
Area	1446	1446	1223	1318	1335	1350
Yield	1.1	1.5	1.2	0.4	0.6	0.7
Production	1520	2198	1480	500	800	900

* Estimate, as official GOZ figures has not been released.
** Forecast

Of all the affected countries in the region, Zimbabwe alone has refused to accept FEWSNET and FAO/WFP estimates that would permit the international community to plan relief efforts. The international donor community needs accurate figures as a yardstick for participation in humanitarian assistance. Although this information has not been forthcoming, the GOZ recently formally appealed for assistance totaling 712,000 tons.

Prospects for the 2003 crop to be planted later this year are not much better. Even if the new season's weather conditions improve considerably, the loss of LSC production as well as continuing shortages of inputs such as seeds, fertilizers, fuel, electricity, equipment and experience are likely to have a dampening effect on crop prospects again.

Inputs;

Severe shortages of both seed and fertilizer occurred at planting time from October 2002. A total of 48,000 tons of corn seed was reported to be available at the beginning of the season. The government, through the GMB, took control of 18,000 tons for distribution to small scale farmers. This was well above the quantities involved in previous seasons. Logistical problems caused delays in distribution with the result that seed was often not available when needed.

The fertilizer industry reported that 420,000 tons of fertilizer had been distributed throughout the country, compared to 433,000 tons in 2001 and 418,000 tons in 2000. Price controls held the price of fertilizer below the cost of production and well below prices in neighboring countries. Given the reported shortages it may be assumed that some were unofficially exported. Shortages of Ammonium Nitrate were particularly acute so that few crops received the recommended top-dressing. The fertilizer industry is still constrained by foreign exchange shortages to buy potash and spare parts, by shortages of fuel and power, and by price controls with the result that supplies for the winter wheat crops were low indeed.

Prices:

In April 2003, the Government of Zimbabwe (GOZ) announced a producer price of Z$130,000 per metric ton. Corn is currently being imported at a cost of more than Z$ 500,000 per ton. The GMB was still restricted to selling to the millers at Z$9,500 per ton. On July 3, the GMB increased its selling price of corn to Z$211,756/ton as the government appears to have given up enforcing its price freeze on key foods. This may lead to a 500% increase in the price of corn meal. Meal was set to rise from about Z$100/kg. - the fixed government price, to about Z$630/kg. The official exchange rate is Z$824/US$ but it is trading on the black market for as much as Z$2700/US$.

Consumption /Trade

In MY 2002/03 food aid amounted to about 400,000 tons, 300,000 tons from the WFP, 50,000 tons from US bilateral sources and 50,000 tons from other sources. The GMB claims to have purchased 1.180 million tons from February 2002 to date of which 960,000 tons were supposedly delivered between February 2002 and June 2003 with 220,000 tons outstanding. There are apparently some supplies in Beira harbor waiting to be distributed. This implies imports of about 650,000 tons during the April 2002/March 2003 marketing year, something not supported by the tight current supply situation. We estimate that only about 500,000 tons were imported during the season, the rest either not purchased or unexplainedly falling by the wayside.
Rounded GMB import figures, February 2002 to mid June 2003

‘000 metric tons	White corn	Yellow corn	Total
South Africa	250	75	325
United States	0	250	250
Brazil	0	210	210
Kenya	125	0	125
China	0	50	50
Total	375	585	960
Expected from US	0	150	150
Brazil	0	45	45
South Africa	0	25	25
Total expected	0	220	220
Total Purchased	375	805	1180

The MY2003/04 corn consumption requirement is about 1.625 million tons. For the current season the 890,000 ton supply is based on the 800,000 ton crop plus the 90,000 ton carry over. The shortfall thus amounts to about 735,000 tons while provision must be made for a carry over pushing minimum requirements up to 850,000 tons. Ideally this would be met by commercial imports of about 350,000 tons and 500,000 tons of food aid, very similar to the MY 2002/03 situation. Aid agencies have confidence that the international donor community will meet its 500,000 ton target but it is, however, questionable if the GOZ will be able to afford its 350,000 ton commercial import share. In the recent appeal, the GOZ actually asked for at least 600,000 tons of food aid, stating that limited GOZ resources should only be used to maintain some reserves. Total imports are thus more likely to reach about 750,000 tons, leaving a very small carry over and opening up the prospect for further aid in 2004.